

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 3340 - HB 3551**

February 24, 2010

**SUMMARY OF BILL:** Abolishes the additional single article sales and use tax currently levied on any single article of personal property at the rate of 2.75 percent on the amount in excess of \$1,600, but less than or equal to \$3,200. Eliminates the limitation that local option sales and use tax can only be levied up to the first \$1,600 on the sale or use of any single article or personal property.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue - \$40,468,000**

**Increase Local Revenue – \$225,000,000**

**Assumptions:**

- According to the Department of Revenue (DOR), the single article sales tax generated \$40,468,000 in FY08-09.
- Single article sales tax collections remain constant in subsequent years under current law. Therefore, the decrease to state revenue as a result of abolishing the state single article sales tax is estimated to be \$40,468,000 per year.
- Removing the current restriction on local governments that prohibits them from levying local option sales tax on any amount above \$1,600 for any single article will increase local government revenue. Based on information provided by DOR, the increase to local government revenue is estimated to be \$225,000,000 per year.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White".

James W. White, Executive Director

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